



Friday, May 2, 2014

BOE returns more than \$27 million in cash deposits

Michelle Steel, vice chair of the California State Board of Equalization (BOE), announced today that the agency is returning approximately \$27.6 million in cash deposits to more than 5,000 businesses in California and out-of-state. BOE staff began issuing checks this week, and will continue to do so for the next few weeks.

"This is good news for taxpayers who will receive released deposits from BOE, and even better news for Californians thinking of starting a new business," Vice Chair Steel said.

"For seven years I have worked with my colleagues and board staff to reform the state's automatic security deposit program," Steel added. "I am grateful to staff and to my colleagues who have helped me end this unnecessary program."

The breakdown of deposits being released is available by city.

The board voted in December 2013 to release security deposits to taxpayers who have good reporting and payment histories. The board began releasing more than \$95.4 million to taxpayers in February. Over \$10.8 million in cash and non-cash security for sales and use tax accounts is being released to Third District business owners.

More existing security deposits will be released as taxpayer accounts become eligible. Taxpayers with an outstanding liability or a poor history of compliance will have their security returned when they can show good compliance history for the prior 12 months. However, state law requires that the BOE continue to collect security deposits from non-retail licensees who sell cigarettes and tobacco products, regardless of payment history.

The board's December action also eliminated the automatic security requirement upon registration for a seller's permit. The former policy required a minimum deposit of \$2,000 in cash, bonds, or guaranties – up to a maximum of \$50,000 which had to be sent to the BOE within 30 days from the date the application for a seller's permit was submitted. The BOE released approximately \$40.2 million in bonds and guaranties earlier this year.

“Most new businesses in California will now be able to keep their scarce capital and use it to build their dreams, create jobs, and support their families and communities, instead of having to post thousands of dollars in security with the State,” Ms. Steel said.

Michelle Steel was responsible in 2007 for finding a multi-million dollar mistake in the security deposit program and returning \$42 million to over 5,500 small-business owners whose refunds had been delayed for years. Steel then changed procedures at the Board to ensure timely review and return of security deposits to taxpayers. From fiscal year 2008-09 until December 2013, the Board released more than \$288 million in security deposits on time to taxpayers as a result of those changes.

Despite the board’s general policy change, the BOE may still require taxpayers with a history of late payments or delinquencies with the BOE to post a security deposit.

Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as Southern California’s elected taxpayer advocate.

The five-member California Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 billion annually in taxes and fees supporting state and local government services.